

State Employee Benefits Committee
Monday, October 24 2011, 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware

The State Employee Benefits Committee met on October 24, 2011 at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, Director, OMB, SBO
Faith Rentz, Deputy Director, OMB, SBO
Vicki Ford, OMB
Ann Skeans, SBO
Leslie Ramsey, OMB, SBO
Mary Thuresson, OMB, SBO
Andrew Kerber, DOJ
Russ Larson, Controller General
Tom Cook, Secretary of Finance
Erika Benner, Treasurer's Office
Kelly Callahan, Treasurer's Office
Henry Smith, Deputy Secretary, DHSS
Jennifer Vaughn, Department of Insurance
David Craik, Pension Office
Mary Cooke, SEBAC, DOE
Frederika Jenner, DSEA
Rebecca Steele, OMB
Yvonne Marshall, PHRST
Monica Gillespie, OMB, HRM

Tim Barchak, DSEA
Chris Ulrich, U of D
Jerry Cutler, U of D
Vonda Benson, Blue Cross Blue Shield DE
Faith Joslyn, Blue Cross Blue Shield DE
Joe Morocco, HMS
Katherine Impellizzeri, Aetna
Julie Caynor, Aetna
Gina Chmielewski, Coventry
John McDowell, Retiree
Cynthia Angermeyer, DSEA – R
James Harrison, DSEA – R
Vincent McCann, AFSCME
James Testerman, DSEA - R
Sandy Richards, AFSCME
Mary A. Pry, DSEA – R
Rich Phillips, DSEA - R
Karol Powers-Case, DRSPA
Dave Leiter, DHSS

Agenda Items Discussed:

Introductions/Sign In

Ms. Visalli called the meeting to order at 2:00 p.m. Introductions around the room followed.

Approval of Minutes

Members in attendance were asked to review the prior meeting minutes, Ms. Visalli requested a motion to approve the minutes from the September 16, SEBC meeting. Controller General Larson made the motion and Secretary Cook seconded the motion. Upon unanimous voice vote the minutes were approved.

Directors Report – Brenda Lakeman

Requests for Proposals (RFP) updates were given. Finalist interviews for the Consultant RFP were held on October 11. The Proposal Review Committee will meet again on October 25 to vote on a recommendation for award. The award recommendation will be presented to SEBC on November 28. There are five confirmed bidders for Data Mining, for which bids are due October 31. Finalist interviews will be in December and a recommendation for award should be brought to SEBC the first meeting in January, 2012. There are currently six confirmed bidders for the Medical RFP; however, the confirmed bidders may not choose to submit bid responses for all plans contained in the RFP. Bid responses are due November 14. Finalist interviews are scheduled for the first week in January, 2012 and an award recommendation to the SEBC is anticipated for February. The effective date for the new Medical and Data Mining contracts will be July 1, 2012

At the September meeting an update was given for the Early Retiree Reinsurance Program (ERRP) and that a reimbursement request was scheduled for submission on September 30, 2012. The request was submitted on schedule in the amount of \$7.7 million (M). If that amount is received, along with the previously received \$3.3M, the GHIP will have received \$11.0M to date for FY11. At present, a confirmation of neither approval nor the actual reimbursement has been received. Aon indicates that approvals are taking 4-8 weeks due to the details that are required with the cost request. It is anticipated that feedback will be received in November. Another reimbursement request is being prepared and will be submitted by the end of the calendar year.

Effective November 1, 2012, Minnesota Life will eliminate the \$10 withdrawal fee that applies when participants withdraw money from their cash accumulation account.

Health Fund Financials

August and September 2011 Fund Equity Reports– Vicki Ford (handout - two months)

August and September Fund Equity reports were reviewed. In August the cash balance was down from the July balance by \$5.5M to end at \$29.1M in part due to higher average weekly claim payments to Blue Cross Blue Shield. In September, \$1.7M in Medicare Part D Subsidy funds were received, along with a Medco prescription drug rebate payment of \$5.4M, which brought the balance to \$39.2M. There were no questions.

Disability Insurance Program (DIP) Rules and Regulations – Brenda Lakeman (handouts - 3)

Last month, a copy of the draft Disability Insurance Program Rules and Regulations were distributed. It was explained at the September meeting that the program has been in place since January of 2006 and the draft rules reflect a culmination of five years of policies and procedures being put into one set of guidelines for employees and end users to use as a reference in understanding the program. Ms. Ramsey, Program Lead for the DIP contacted SEBC members last month to address any questions. Three questions were posed by members. A handout containing the questions and an explanation for each was reviewed. Discussion with more questions and in depth explanations followed. After all questions were answered, a timeline (handout) was reviewed. Ms. Visalli explained that a vote would need to be taken to approve these, but first Public Comments would take place, allowing for any further questions to be answered.

SEBAC Comment

Mary Cooke read a comment on behalf Pat Griffin for SEBAC concerning the recent changes to the Spousal Coordination of Benefits policy:

“Members of SEBAC have been contacted by retirees on fixed incomes who have expressed concerns regarding the changes in the Spousal Coordination of Benefits (SCOB) Policy and how they will affect them. The SCOB Policy which was revised effective July 1, 2011, requires spouses who are retired or will retire from an employer who offers retiree health insurance coverage to enroll in the employer’s health plan under certain circumstances. Specifically, the retirees who have contacted members of the SEBAC expressed concerns that they were not grandfathered into the policy and the potential negative financial impact of the policy on retirees on fixed incomes.”

Public Comment

Dave Leiter, DHSS, state employee, stated he read the information on DIP but doesn't understand it all. He stressed that a lot of lower paid employees have problems with applying for short term disability (STD). They would rather use their sick leave than going on STD. The large packet of paperwork they are given is complicated and confusing to them. Their HR people don't seem to know what to do with it either and people feel stuck. He asked for clarification on whether the draft rules would mean a change in the law. Ms. Visalli explained that the draft rules are intended to further explain the program in place currently and add to what is already in Delaware Code. The rules and regulations are being adopted as an additional resource to participants of the program.

Ms. Visalli asked that Monica Gonzalez-Gillespie and Leslie Ramsey work together with HR Roundtable and others to explore ways in which to improve communications around the program possibly through new employee orientation or providing additional information to HR staff to ensure they fully understand administration of the program and can thoroughly explain the program to employees.

Ms. Visalli noted that when private sector employers institute a disability program with short term benefits, there is usually a reduction in the sick time they allow an employee to accrue or earn; however, the State of Delaware did not reduce sick leave benefits when the disability program was implemented. She stressed the importance of making sure that employees understood the program and OMB will continue to work in this area. Ms. Lakeman noted that an intake nurse takes an employee's information when the Hartford is called. A large packet is not required to be filled out for STD. She will talk further with Mr. Leiter.

Mr. Larson asked Ms. Cooke how many people were affected by the SCOB. Ms. Lakeman interjected that there are 20,000 spouses in the GHIP. In the non Medicare eligible retiree population there about 2,500 retired spouses. It is uncertain how many could have other insurance. According to the SCOB database about 1,000 employees entered information that their spouse has no other insurance and is retired. They did not enroll in other insurance. She noted that some companies will only allow a retiree to enroll in their retiree health insurance at the time of retirement. Scenarios were discussed.

Ms. Visalli then asked for a motion to approve the Disability Insurance Program Rules and Regulations as presented. Secretary Cook made the motion and Deputy Secretary Smith seconded the motion. Upon unanimous voice approval the motion carried.

Other Business

None.

Ms. Visalli informed attendees that the SEBC would move into executive session and no further public business would be conducted following executive session. The next meeting will be Monday, November 28, 2011, at Government Support Services as the Tatnall location is not available. A link was provided in the agenda for accessing directions to the location. Members and regular participants will be notified if the location changes. Ms. Lakeman stated that proposed changes to the Group Health Eligibility and Enrollment Rules for January 1, 2012 and the award recommendation for the Consultant RFP will be on the November meeting agenda.

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A motion to end the public session and go into executive session was then requested. Controller General Larson made the motion and Ms. Brenner seconded the motion. Upon unanimous voice approval the public session ended at 2:32 p.m.

Respectfully submitted,

Mary K. Thuresson
Administrative Specialist
Statewide Benefits Office, OMB